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C O N F I D E N T I A L SECTION 01 OF 02 KINSHASA 008362

SIPDIS

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TAGS: [ECON](#) [ETRD](#) [SOCI](#) [CG](#)

SUBJECT: FOOD SUPPLIES ADEQUATE BUT EXPENSIVE AT YEAR END

REF: 99 KINSHASA 8063

Classified by Economic Officer Katherine Simonds. Reason:
1.5(d).

11. (C) Summary: Food supplies in Kinshasa's markets are adequate as we approach the end of the year, and last year's experience of short supplies and price gouging will not be repeated. Most basic foods are imported because of low yields and transportation difficulties for local crops. Importers and local producers report that the real problem this year is not availability but affordability, because consumers have extremely low purchasing power. This growing impoverishment is also eroding the profitability of local businesses. End summary.

Last Year's Fears

12. (C) Last year at this time the diplomatic community was concerned about social unrest associated with food shortages (Reftel). The GDRC shared the concern and made a limited amount of official rate hard currency available to importers to supply Kinshasa with low cost food. Predictably, the inadequacy of supplies of price-controlled staples generated large profits for middlemen and no benefits for consumers. Nonetheless, the Congolese public demonstrated its legendary stoicism and unrest did not materialize.

Local Production Hobbled

13. (SBU) The supply of locally-produced food is as poor (or poorer) this year as last year. As recently as the 1980's, manioc provided half the calories in a typical Zairois diet. Manioc yields have fallen as much as 70 percent because failure to renew gene stock has allowed diseases to thrive. At the same time, the cost of transporting manioc from the fields to Kinshasa has skyrocketed (in areas where war has not completely cut communication) because of the deterioration of roads, the cost and spotty availability of fuel and the "tolls" demanded by security forces at checkpoints on roads and rivers. A sack of manioc from Bas Congo cost 90 francs in December 1998. Its price rose 800 percent to 790 francs in December 1999 and has risen 900 percent in the last year to 8000 francs. (All estimates show that inflation has remained below 500 percent a year for the last two years.) The price of locally produced corn has also increased faster than inflation: 800 percent in 1999 and 500 percent this year.

Imports Available But Expensive

14. (SBU) Despite promises to supply low cost food for the holidays, the government has not intervened in the markets this year, and consequently imported food is available but expensive in local markets. Bread and rice are replacing manioc and corn in local diets, but calorie intake is declining. A baguette of bread costs 20 francs, while the salary of an average civil servant is about 1000 francs. Bread is hardly affordable, but still easier to buy than corn or manioc.

Consumer Woes

15. (SBU) Most residents of Kinshasa struggle throughout the day to scrape up money to put a meal on the family's table.

They buy their sugar by the teaspoon, instead of by the bag. Horse mackerel, called mpiodi in the DRC, is an important source of protein in the Congolese diet, and the market for mpiodi demonstrates the effect of declining purchasing power. Mpiodi comes in three sizes: 16, 20 and 25 centimeters. The 25 centimeter mpiodi provides relatively more flesh (and less bone) than the smaller fish. It used to be preferred in Kinshasa, despite a price premium. Today, however, 16 centimeter mpiodi dominates the market. This is not because it is cheaper per pound. The buyer of a 10 kilo box of mpiodi resells the fish individually. There are almost twice as many fish in a box of 16 centimeter mpiodi as in a box of 25 centimeter fish. Even if the boxes cost the same, the unit price is lower for the smaller fish. (Of course, the protein and calorie content is much lower too.) The smaller fish better fits the daily budget of the average Kinshasa consumer.

Business Woes

16. (SBU) Revenues of local businesses have fallen along with the public's purchasing power. During the Ambassador's December 13 Business Roundtable meeting, representatives of a package delivery firm, a local supermarket, a bank and a sack manufacturer complained about low volumes. The largest local importer of frozen food quantified his company's pain for Econoff: receipts down 40 percent over the last two years. A second factor which is hurting local food importers and other businesses linked to the food sector is the emergence of a formidable new competitor called Congo Futur, which has become the largest importer of food for the Kinshasa market in just two years (Septel).

SWING